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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to
Further Develop a Risk-Based
Decision-Making Framework for
Electric and Gas Utilities.

Rulemaking 20-07-013

ASSIGNED COMMISSIONER'S SCOPING MEMO AND RULING

This Scoping Memo and Ruling sets forth the issues, need for hearing, schedule, category, and other matters necessary to scope this proceeding pursuant to Public Utilities Code Section 1701.1. and Article 7 of the Commission's Rules of Practice and Procedure.

1. Procedural Background

The California Public Utilities Commission (Commission) opened this proceeding through an Order Instituting Rulemaking (OIR) adopted on July 16, 2020. The goal of this proceeding is to strengthen the risk-based decision-making framework that regulated energy utilities use to assess, manage, mitigate, and minimize safety risks. It will build on requirements for the utility risk assessment and mitigation framework adopted in the first Safety Model Assessment Proceeding (S-MAP), Application (A.) 15-05-002 *et al*, and in Rulemaking (R.) 13-11-006.

In 2014, the Commission adopted Decision (D.) 14-12-025, which set forth requirements for Risk Assessment Mitigation Phase (RAMP) filings, the first

S-MAP applications, Risk Spending Accountability Reports (RSARs), and Risk Mitigation Accountability Reports (RMARs).¹

In 2018, the Commission adopted D.18-12-014, *Phase Two Decision Adopting Safety Model Assessment Proceeding Settlement Agreement with Modifications*, which represented the culmination of work undertaken in A.15-05-002 *et al* and R.13-11-006. D.18-12-014 adopted, with modifications, requirements for a detailed and standardized Risk-Based Decision-Making Framework (RDF) for use by electric and gas investor-owned utilities (IOUs) that was developed by parties to the Settlement Agreement. Subsequently, D.19-04-020 refined requirements for IOU RSARs and adopted 26 Safety Performance Metrics.²

D.16-08-018 adopted a S-MAP Long-Term Roadmap. D.18-12-014 reviewed progress on the S-MAP Roadmap and identified remaining priorities.³ This new proceeding addresses S-MAP Roadmap issues prioritized in D.18-12-014 and addresses new issues to improve energy utility prioritization of safety consistent with all applicable statutes and laws, including Public Utilities Code Section 321.1(a), Section 451, Section 591, Section 750, 961(b)(1), and Section 963(b)(3).⁴

A Prehearing Conference (PHC) in this proceeding was held on

¹ D.14-12-025, *Decision Incorporating a Risk-Based Decision-Making Framework into the Rate Case Plan and Modifying Appendix A of Decision 07-07-004*.

² D.19-04-020 *Phase Two Decision Adopting Risk Spending Accountability Report Requirements and Safety Performance Metrics for Investor-Owned Utilities and Adopting a Safety Model Approach for Small and Multijurisdictional Utilities*, Attachment 1.

³ D.16-08-018, *Interim Decision Adopting the Multi-Attribute Approach (or Utility Equivalent Features) and Directing Utilities to Take Steps Towards a More Uniform Risk Management Framework*. See also D.18-12-014 at sections 5 and 6.

⁴ Hereafter, all references to code are to the Public Utilities Code unless otherwise noted.

September 15, 2020 to discuss the issues of law and fact, determine the need for hearings, set the schedule for resolving the matter, and address other matters, as necessary. After considering the opening and reply comments on the OIR, discussion at the PHC, and post-PHC statements, I have determined the issues and initial schedule of the proceeding to be as set forth in this scoping memo.

2. Phase I Issues

The issues to be determined in Phase I and Phase II of this proceeding will draw on the experiences and lessons learned so far regarding requirements adopted in A.15-05-002 *et al* and R.13-11-006. Issues considered may include assessing impacts on environmental and social justice communities, including the extent to which actions in this proceeding impact achievement of any of the nine goals of the Commission's Environmental and Social Justice Action Plan.⁵

Phase I issues are divided into four tracks. Track 1 will consider whether there are discrete technical questions regarding the RDF that the Commission should clarify in the short term (larger, more substantive revisions to the RDF will be considered in Phase II after we gain more experience). Track 1 will launch with a workshop on December 15, 2020.

Track 2 will consider safety and operational performance metrics and their application broadly. This work will include refining metrics adopted in D.19-04-020 and developing new metrics as needed. Work on metrics will address D.20-05-053, which approved PG&E's reorganization plan and directed the development of safety and operational metrics for PG&E linked to an Enhanced Oversight and Enforcement Process.⁶ Track 2 will develop these

⁵ Available here: <https://www.cpuc.ca.gov/CPUCNewsDetail.aspx?id=6442461331>.

⁶ D.20-05-053, Ordering Paragraph 4 and Appendix A.

metrics primarily by drawing on existing safety and operational metrics and will consider the extent to which the metrics apply to all electric and gas IOUs; it will also consider ways to streamline and enhance metrics reporting.⁷ Track 2 will launch with a December 2020/January 2021 workshop.

Track 3 will focus on whether there are RAMP, general rate case (GRC) and RSAR procedural or definitional requirements that the Commission should refine or clarify. Track 3 will launch with a January 2021 workshop. Track 4 will consider questions unique to the Small and Multijurisdictional Utilities (SMJUs) and will launch sometime in 2021. All tracks may consider the need and means for improved coordination across risk mitigation related proceedings.

The following is a summary of questions the four tracks will consider:

Track 1: Clarifying RDF Technical Requirements

Should the Commission clarify aspects of the RDF adopted in D.18-12-014, for instance:

- a. Do the terms “mitigations” and “controls” need to be defined? Should “mitigations” and “controls” be treated in the RDF using the same methodology?
- b. How should public safety power shutoff events and other utility activities with high customer impacts be treated in the RDF?
- c. Can the Commission identify any guiding principles, best practices, aspirational characteristics and/or minimum requirements for developing an RDF Multi-attribute Value Function?

⁷ Identifying safety and operational metrics for the purposes of D.20-05-053 may include identifying the most meaningful metrics out of those adopted in D.19-04-020, Resolution WSD-001 (Wildfire Mitigation Plan proceeding), D.20-05-019 (Pacific Gas and Electric Company (PG&E) “near hit” potential wildfire incidents proceeding), Investigation (I.) 15-08-019 (PG&E Safety Culture proceeding), and/or other proceedings.

- d. How should the mitigation impact of data gathering (inspections and patrols) or foundational elements (technology tools) be estimated or measured in the RDF?
- e. Should the Commission specify how transmission assets should be addressed in the RDF in a manner consistent with distribution assets?
- f. Other related clarifications as needed.

Track 2: Safety and Operational Performance Metrics

- a. What safety and operational performance metrics should be developed pursuant to D.20-05-053 addressing PG&E's reorganization plan? What are appropriate criteria for selecting metrics as safety and operational performance metrics? What is the relationship and/or difference between safety metrics and operational metrics?
- b. Should the safety and operational performance metrics apply to all IOUs? Are there variances regarding how these adopted metrics should be applied to individual IOUs? How should the Commission use adopted safety and operational performance metrics?
- c. Should the Commission adopt performance criteria or targets for safety and operational performance metrics at the same time it adopts the metrics, or at a later time?
- d. Should the Commission refine any of the 26 safety performance metrics adopted in D.19-04-020? Should the Commission adopt additional safety performance metrics to those adopted in D.19-04-020?
- e. Should the Commission develop a method to streamline safety performance metrics development and reporting across proceedings? If so, what methods should be considered?
- f. D.20-05-053 states that the Commission "will consider metrics to measure PG&E's quality of service and quality of management in the proceeding addressing safety and

operational metrics.”⁸ Should the Commission adopt quality of service and management metrics for PG&E in this proceeding? If so, what are appropriate metrics? Are there other aspects of D.20-05-053 concerning metrics that should be clarified or implemented here, such as identifying a metric to assess levels of safety or risk-driven investments?⁹

Track 3: Refining RAMP and Related Procedural Requirements

- a. Should the Commission provide further direction to align terms, definitions, and processes across RAMP and GRC proceedings, RSARs and the RDF to enable improved tracking of safety expenditures and related risk reductions? If so, should the guidance address:
 - i. How risk mitigation and related administrative or other costs, or investments, should be presented and defined in RAMP and GRC applications, and the RSARs, to better enable comparisons of proposals over time and to distinguish such costs from non-RAMP related costs;
 - ii. Potential redundancies between RSAR and related safety accountability reports and possible ways to integrate safety accountability reporting across proceedings;¹⁰
 - iii. Potential redundancies between RAMP, GRC, and RSAR filings; and,
 - iv. RAMP and RSAR requirements for GRC proceedings resolved via Settlement Agreement?
- b. Should Rate Case Plan requirements be updated to reflect any clarifications adopted in this proceeding?
- c. Other potential RAMP clarifications or refinements as needed, including those identified in D.20-01-002.

⁸ D.20-05-053 at 105.

⁹ D.20-05-053, Appendix A at 2.

¹⁰ For instance, the Gas Distribution Pipeline Safety Report required in D.11-05-018 and D.17-05-013 and/or the Gas Transmission and Storage Report required in D.19-09-025.

Track 4: SMJUs

- a. Should the Commission review the SMJU Voluntary Agreement included in D.19-04-020 and consider refinements?
- b. Should the Commission formally adopt the SMJU Voluntary Agreement?
- c. Should the Commission adopt RAMP, RSAR or other requirements for SMJUs, including RSAR requirements for SMJU GRC applications resolved through Settlement Agreements? If the Commission adopts RSAR or other new requirements for SMJUs, what elements should be included?

3. Phase II Issues

The issues to be determined in Phase II of this proceeding will be revisited at the conclusion of Phase I and may be further outlined in a second Scoping Memo. The issues to be considered will broadly include:

Track 1: Refining the RDF and Considering a Risk Tolerance Standard

- a. Should the Commission adopt additional requirements or modify requirements to further refine the RDF adopted in D.18-12-014?
- b. When considering whether to adopt additional requirements or to modify requirements to refine the RDF adopted in D.18-12-014, should the Commission consider one or more of the following issues:
 - i. Identifying and Ranking Pre-Mitigation Risk Events: Refining energy utility methods of identifying and ranking risks including consistently defining utility pre-mitigation risk events?
 - ii. Improving Consideration of Interacting Risk Drivers: Reviewing best practices for the IOUs to identify and quantify interacting risk drivers and adopting a framework or milestones to advance this goal?

- iii. GRC Backstop Issue: Modifying the GRC backstop approach adopted in D.18-12-014?
 - iv. Simple Optimization: Testing and implementing simple risk mitigation optimization approaches, including considering what optimization approaches should be tested, how should this testing occur, and what type of guidance the Commission should adopt? What constraints must be identified and quantified to inform optimization? What principles should guide utility optimization?
 - v. Defining Terms: Defining additional terms such as the term absolute risk score?
 - vi. Utility Weighting of Risk Categories: Reviewing and providing guidance on IOU methods of weighting risk categories in the RDF?
 - vii. Incorporating Uncertainties: Incorporating uncertainty concepts into energy utility risk and risk mitigation analyses including uncertainties relating to climate change as a risk driver?
 - viii. Addressing Data Requirements: Considering methods to address challenges associated with energy utility risk quantification, data availability and data sharing?
 - ix. Developing Comparable Risk Scores Across Utilities: Developing a framework and milestones to allow for comparison of risk and/or risk reduction scores across utilities?
 - x. Risk Mitigation and Accountability Reports (RMAR): Consider the timeline and requirements for the RMARs, as directed in D.14-12-025 and modified in D.19-04-020?
 - xi. Other: Consider other refinements to the risk assessment approach adopted in D.18-12-014 as identified now or during the proceeding?
- c. Should the Commission adopt an As-Low-As-Reasonably-Practicable (ALARP) framework and/or a risk tolerance

standard? If the Commission adopts a risk tolerance standard and/or an ALARP framework, what are the minimum necessary building blocks that must be adopted concurrently or sequentially?

- d. Should the Commission consider additional methods to ensure compliance with requirements adopted in D.14-12-025, D.16-08-018, D.18-12-014 and D.19-04-020, including any changes to GRC and/or Rate Case Plan requirements? If so, what methods are warranted?
- e. Should the Commission address issues relating to S-MAP and RAMP requirements as they arise?

Track 2: Next Steps

- a. Should the Commission identify a scope and timeline for future S-MAP applications?
- b. Should the Commission review risk management or safety metric models required in other inherently higher-risk industries to provide a basis of comparison for S-MAP and RDF requirements?

4. Oral Argument

Unless comment is waived pursuant to Rule 14.6.(c)(2) for granting the uncontested relief requested, motion for oral argument shall be by no later than the time for filing comment on the proposed decision.

5. Schedule

The following schedule is adopted here and may be modified by the Assigned Administrative Law Judge (ALJ) as required to promote the efficient and fair resolution of the Rulemaking.

Working groups will prepare workplans, including work scope, resources required, schedule, and deliverables as part of their initial activities. Working groups for Tracks 1 and 2 will be led by Commission Safety Policy Division staff. The Track 3 working group will be led by Commission Energy Division staff.

Staff leadership of Track 4 will be determined in 2021. Staff and parties should avoid scheduling conflicting working group meetings across tracks.

Additional details of how to participate in workshops and comment on staff recommendations will be described in subsequent rulings.

Event	Date
Workshop on Track 1 issues and launch of Track 1 working groups	December 15, 2020
Workshop on Track 2 issues and launch of Track 2 working groups	December 2020 / January 2021
Workshop on Track 3 issues and launch of Track 3 working group	January /February 2021
Launch of Track 4 working group	2021
Additional workshops as needed	2021
Staff recommendations on Track 1 and Track 2 issues	Mid-2021
Decision on Track 1 and Track 2 issues	Q3-Q4 2021
Staff recommendations on Track 3 and Track 4 issues	Q3 - Q4 2021
Decision on Track 3 and Track 4 issues	Q4 2021/ Q1 2022
All Party Meeting or PHC on Phase II Issues	Q1 2022
Workshops and Working Groups on Phase II Issues, as needed	2022
Decision(s) on Phase II issues	By Q4 2022

The proceeding will stand submitted upon the issuance of a final proposed decision on Phase II issues. Based on this schedule, the proceeding will be resolved within 30 months, by December 31, 2022. This is longer than the 18-month schedule required in Section 1701.5 but this is necessary due to the complexity and number of issues involved.

6. Need for Evidentiary Hearing

This Commission has preliminarily determined that there are no issues of material disputed fact. Accordingly, evidentiary hearings are not needed during Phase I of this proceeding. The assigned Commissioner and ALJ may reconsider the categorization of this proceeding for Phase II.

7. Category of Proceeding and Ex Parte Restrictions

This ruling confirms the Commission's preliminary determination in the OIR that this is a quasi-legislative proceeding. Accordingly, *ex parte* communications are permitted without restriction or reporting requirement pursuant to Article 8 of the Rules.

8. Public Outreach

Pursuant to Public Utilities Code Section 1711.(a), I hereby report that the Commission sought the participation of those likely to be affected by this matter by noticing it in the Commission's monthly newsletter that is served on communities and businesses that subscribe to it and posted on the Commission's website.

In addition, the Commission served the OIR on A.15-05-002 *et al*, R.18-12-005, R.18-10-007, R.18-04-019, R.18-03-011, R.15-01-008, I.19-11-010/ I.19-11-011, I.18-11-006, I.17-11-003, A.19-08-015, A.19-08-013, A.19-06-001, A.18-12-001, A.18-04-002 *et al*, A.17-10-008, R.20-07-013, A.17-10-007/ A.17-10-008, A.17-05-004, I.19-09-016, I.18-12-007, and, I.19-06-015.

9. Intervenor Compensation

Pursuant to Public Utility Code Section 1804.(a)(1), a customer who intends to seek an award of compensation must have filed and served a notice of intent to claim compensation by October 15, 30 days after the PHC.

10. Response to Public Comments

Parties may, but are not required to, respond to written comments received from the public. Parties may do so by posting such response using the “Add Public Comment” button on the “Public Comment” tab of the online docket card for the proceeding.

11. Public Advisor

Any person interested in participating in this proceeding who is unfamiliar with the Commission’s procedures or has questions about the electronic filing procedures is encouraged to obtain more information at <http://consumers.cpuc.ca.gov/pao/> or contact the Commission’s Public Advisor at 866-849-8390 or 866-836-7825 (TTY), or send an e-mail to public.advisor@cpuc.ca.gov.

12. Filing, Service, and Service List

The official service list has been created and is on the Commission’s website. Parties should confirm that their information on the service list is correct and serve notice of any errors on the Commission’s Process office, the service list, and the ALJ. Persons may become a party pursuant to Rule 1.4.

When serving any document, each party must ensure that it is using the current official service list on the Commission’s website.

This proceeding will follow the electronic service protocol set forth in Rule 1.10. All parties to this proceeding shall serve documents and pleadings using electronic mail, whenever possible, transmitted no later than 5:00 p.m., on the date scheduled for service to occur. Rule 1.10. requires service on the ALJ of both an electronic and a paper copy of filed or served documents. The requirement of Rule 1.10. for service on the ALJ of a paper copy of filed or served documents requirement is suspended until further notice due to the COVID-19

emergency. When serving documents on Commissioners or their personal advisors, whether or not they are on the official service list, parties must only provide electronic service. Parties must not send hard copies of documents to Commissioners or their personal advisors unless specifically instructed to do so.

Persons who are not parties but wish to receive electronic service of documents filed in the proceeding may contact the Process Office at [process_office at cpuc.ca.gov](mailto:process_office@cpuc.ca.gov) to request addition to the “Information Only” category of the official service list pursuant to Rule 1.9.(f).¹¹

13. Service of Documents on Commissioners and Their Personal Advisors

Rule 1.10. requires only electronic service on any person on the official service list, other than the ALJ.

When serving documents on Commissioners or their personal advisors, whether or not they are on the official service list, parties must only provide electronic service. Parties must not send hard copies of documents to Commissioners or their personal advisors unless specifically instructed to do so.

14. Assignment of Proceeding

Clifford Rechtschaffen is the assigned commissioner and Cathleen A. Fogel is the assigned ALJ for the proceeding.

IT IS RULED that:

1. The scope of this proceeding is described above.
2. The schedule of this proceeding is set forth above.
3. Evidentiary hearing is not needed.
4. The category of the proceeding is quasi-legislative.

¹¹ Process_office@cpuc.ca.gov

5. The requirement of Rule 1.10. for service on the ALJ of a paper copy of filed or served documents is suspended until further notice due to the COVID-19 emergency.

This order is effective today.

Dated November 2, 2020, at San Francisco, California.

/s/ CLIFFORD RECHTSCHAFFEN

Clifford Rechtschaffen
Assigned Commissioner